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American Refineries in Cuba Ordered to Process Soviet Crude Oil

On 18 May, the Castro regime notified officials of the Texaco refinery in Cuba that for the rest of this year each refinery in the country must accept approximately 300,000 tons of Soviet crude oil, which has begun to arrive in Cuba under the Cuban-Soviet trade agreement signed in February. This will affect the three refineries--Texaco, Esso, and Shell--which together produce over 95 percent of the petroleum products refined in Cuba. These companies have some \$40,000,000 worth of outstanding requests for dollar remittances which the Cuban National Bank has not yet approved. Cuban controls on US dollar remittances have been tying up the funds of the refineries, and the Castro regime evidently is using this form of pressure in an effort to make the companies accept Soviet crude. Soviet crude is received by Cuba under a barter arrangement, and the refineries would not be required to pay for it in foreign exchange.

Official Venezuelan relations with the Castro government, which have grown increasingly cool in recent weeks, are likely to be further alienated by Cuban purchases of competitive Soviet oil. In 1958, Venezuela exported about 75,000 barrels a day of oil and refined products to Cuba, about 8 percent of which presumably will now be supplied by the USSR. In a front-page editorial, one prominent anti-Castro Venezuelan newspaper recently condemned the Soviet-Cuban oil arrangements. Venezuela is also facing a potential loss to the USSR of a portion of its market for petroleum in two other Latin American nations--Uruguay and Brazil.